File Security & Compliance. Anywhere.

Covertix Fundraising Presentation

May 2014

Agenda

- Company Presentation
- Finance
- Additional Information
  - 2013 & Q1 2014 Main Activities
  - GTM Strategy

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Company Presentation

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About Covertix

Covertix provides seamless control & protection of data in <u>any</u> type of file, <u>anywhere</u> inside or outside the organization, on <u>any</u> device, without changing existing business processes or user behaviors.

Covertix Overview

- 2008 – Covertix was founded
- 2011 - Commercial implementations in Israel & Europe in the Financial, Healthcare, Telecommunication, Defense, Construction and e-Commerce industries.
- 2012 – Patent granted in the UK
- 2012 – Became a Symantec Technology Enabled Partner
- 2013 – Became a Citrix Ready Partner
- 2013 – Signed collaboration agreement with ST Electronics (Info-Security), a Singaporean defense organization.
- 2013 – Fully integrated with SharePoint
- 2013 – Fully integrated with Dropbox
- 2014 – Patent granted in the United States

Covertix is the file's bodyguard

We extend file protection & control beyond the perimeters of the enterprise

Our Value Proposition

Seamless file security and intelligence on ANY file, on ANY device, from ANY type of threat.

- Zero change to the end user's behavior or business processes.
- Control, Monitor & Protect the file – no matter where or how the file travels.
- Seamless integration with existing file creation/sharing/storage platforms.
- IT policy embedded within protected files which supports regulatory compliance.
- Enable the organization to monitor and control it's information usage by external users (partners, customers, suppliers etc.) outside the organization.
- Secures the data in the cloud, mobile and BYOD.
- Full integration with central monitoring systems.
- 50+ audit reports and ability to customize reports

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Our Solutions

Agent Based Solutions

- Secure ANY type of file (including proprietary file types)
- Transparent file protection and **zero** change with end users existing behaviors
- IT policy embedded in file
- Control data with internal or external collaborators
- Location based rights, time bound and controlled operations (edit, print, copy/paste)
- Over 50 audit reports on file usage
- Automatic discovery of sensitive content
- Full integration with central monitoring systems.
- Kill switch
- Violations alerts

Agentless Based Solutions

- Microsoft Suite, Visio, PDF, DXF, MSG file types
- Control data with external collaborators
- Original file never leaves the enterprise, nor can it be changed by recipient
- Files can be viewed on any device with zero installation
- File is ***never*** stored locally –and cannot be saved on device
- File can be time bound
- Authorized users can view and annotate files, but original source is never modified
- Kill switch

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Available Integrations

CITRIX® PARTNER Citrix Ready

Microsoft® SharePoint®

symantec™

Dropbox

Google Drive

And More…

Competitive Advantage

Feature	Covertix	Microsoft	WatchDox	Seclore	Secure Island
Support any file type					
Support any type of platform					
Agentless mobile solution					
Cloud solution - automatic upload protection (transparent to the user)					
Effortless Implementation					

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Partners

South East Asia

Reseller

ST Electronics
A company of ST Engineering

Europe

Distributors

TECHARBOR
a safe haven

Reseller

steria

Deloitte.

Middle East

Reseller

Taldor
we deliver IT

TRUSTNET
Watching your back

bynet
Data Communications Ltd

North America

Partners

go-ESI

Philadelphia-Israel Chamber of Commerce
PENNSYLVANIA, NEW JERSEY, & DELAWARE

MARYLAND/ISRAEL
DEVELOPMENT CENTER

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Covertix Awards

- 2014 - Info Security Products Guide “Data Leakage Prevention”
- 2013 - IDC “Cool Vendor To Watch”
- 2013 - CRN “Security Product Of the Year”
- Recognized by leading IT analysts: 451 Group, Forrester, IDC
- Red Herring top 100 Europe Award

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Finance

May 2014

Financials ($)

	Year ended 2013	Q1 2014
Sales (Booking)	$128,000	$85,000
Recognized Revenues (Based on accounting policy)	$13,000	$28,000
Gross profit	$9,000	$28,000
Operating Loss	($971,000)	($338,000)
Net Loss	($930,000)	($341,000)

- All financial amounts are according to unaudited reports

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Forecast ($)

	2014	2015	2016
Sales (Booking)	$1,300,000	$6,500,000	$16,000,000
Gross profit	$750,000	$3,834,000	$9,338,000
Operating Profit	($1,940,000)	$504,000	$2,467,000
Accumulative Cash Flow	$3,540,000	$2,905,000	$6,405,000

- Based on $4M raised

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Use of Proceeds

- Establish North American operations
- Focus of sales activities on fortune 1000 companies in order to create both growth and credibility for the product.
- Recruitment of U.S CEO and sales team
- Establishment of a distribution network
- Establish presence as a leading Cybersecurity solution
- Support growth of R&D and Support teams
- Alignment of strategic partners
    - Partnership with leading system integrators
    - Partnership with technological partners (collaboration platform)
- Establishment of a professional advisory board

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Additional Information

May 2014

2013 & Q1 2014 Main Activities

- Established a US based entity and recruited Galina Datskovsky, Ph.D to be the CEO of Covertix for North America.
- New customers include a bank, an insurance company, a defense body, a construction company, and an international telecommunications company.
- Closed strategic deals
- Installed SmartCipher at Deloitte's Cyber Security Center headquarters in Spain
- Extensive pipeline in Europe – more than €7M in the pipeline. in 6 month
- Formed a strategic partnership with a leading legal platform in the United States
- Signed a strategic partnership with ST Electronics (Info-Security).
- We signed a distribution agreement TecHarbor, a leading channel partner company in Europe (https://techarbor.com/).
- SmartCipher Enterprise received the 2013 Security Product of the Year Award from CRN.
- Present at LegalTech and RSA conferences.

The Market

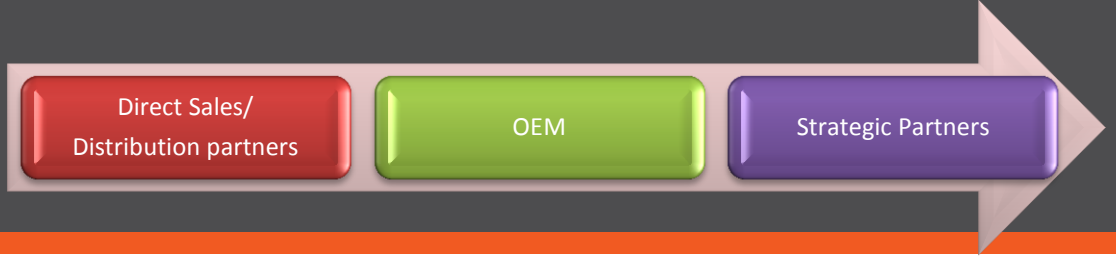
- The Data Leakage Prevention (DLP) market and the File Level Protection/Rights Management (IRM) Systems Market are both multi-billion dollar markets and are considered to be a fast growing segment within the cyber security industry.
- Customers are looking for different solutions due to increasing adoption of mobile devices and cloud storage as well as increasing regulations and cyber threats.
- The current business needs have surpassed the physical office to anywhere with a wireless connection and a mobile device.
- Business partners & suppliers like law firms and accountancy firms are now targeted by cybercriminals looking to steal sensitive information.
- Customers are looking for solutions that enable them to secure content with segregation and policies inside and outside the organization's perimeter: on mobile devices or home machines and when shared with clients and other outside entities.

FY 2013 - Q1 2014 EMEA Pipeline

- We were asked to participate in a RFI and provide a proposal for large chemical corporation to protect corporate IP data while it is in motion and when it is stored.
- We were asked to participate in a RFI and provide a proposal for a leading financial institution in Europe to protect the data in an uncontrolled environment
- We were asked to participate in a RFI and provide a proposal for a large railway company regarding a Digital Rights Management Project . They have a concrete need and allocated budget for a solution
- We were asked to participate in a RFI and provide a proposal for a large Dutch chemical company to protect corporate IP found in their data
- We were asked to participate in a RFI and provide a proposal for one of the largest banks in Europe for an Information Rights Management Project – with concrete need, and allocated budget
- We were asked to participate in a RFI and provide a proposal from a leading defense body in Israel to protect highly sensitive data

In the past four months, Covertix received five requests from large European enterprises with yearly budgets ranging between EU 500K - EU 1.5M

GTM Strategy



Covertix targets medium and large enterprises in North America, Europe, the Middle East and South East Asia. We offer our solutions based on a yearly subscription model that varies per number of seats within an organization.

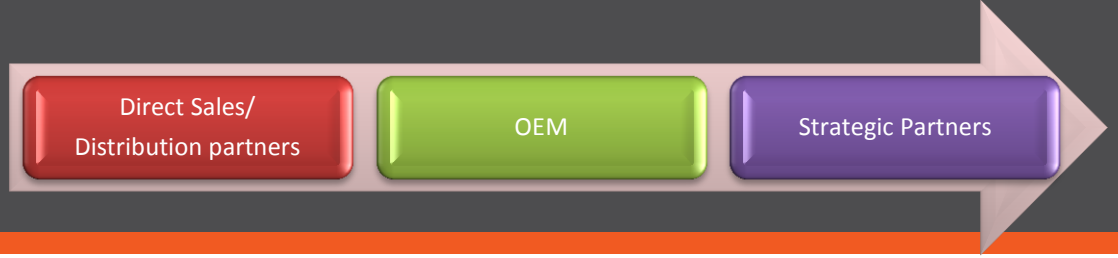
North America:

- ***OEMs, Partners & Direct***
- Targeting the Legal market first with direct sales and through OEM partners. Will use the Legal sector to launch into Healthcare and Finance markets
- Strategic collaboration with Thompson (target: banking and medical)
- Establishing a local team (Sales, Marketing & Technical Support)

Europe:

- ***OEMs, Partners & Direct***
- Going after the MEGA customers in Europe (Banks, Utilities and Chemicals)
- Strategic partnerships with Deloitte and Wipro

GTM Strategy



Israel:

- Pilot market
- Reference sites – not more than 10 customers (e.g. Union Bank, Elop, Clal, Clalit, Central Bank of Israel, Teva, Amdocs, IEC)
- Independent partners (Bynat & Trustnet)

Asia:

- Independent partner – ST (Info-Security)
- Large tenders with ST
- OEM & White label agreement – 2014 - 2015

Leadership

Yoran Sirkis, CEO

Yoran is a seasoned executive with more than 20 years of experience in the Information Security and Cyber Security markets. Yoran has consulted with large international companies regarding their informational security needs. Prior to Covertix, Yoran served as a Managing Partner of Comsec Innovation (a Cyber Security micro fund) and the CEO of Comsec Cyber Solutions, both part of the Comsec Group. Prior to that, Yoran served as the VP Professional Services of Comsec Consulting (100+ employees) in which he managed the entire operation and established additional global business units.

Tzach Kaufmann, Founder & CTO

Tzach has more than 15 years of experience with a wide range of Information Security technologies. He is an expert in many areas of application and infrastructure security, and cryptography, including crypto-protocol design, proper algorithm usage, security protocol review, and implementation. With a background in hardware and software engineering, Tzach has extensive experience with many diverse technologies, environments, tools, and coding languages in all aspects of security and on all technological levels. Prior to Covertix, Tzach worked in Cavado and Radware (security companies) and managed complex international projects for industry giants such as Cisco and Samsung.

Galina Datskovsky, Ph.D., CRM, CEO, North America

Galina was a Senior Vice President of Governance at Autonomy, an HP company. She served as a member of the board, President-elect and Chair of the board of ARMA International from 2007-2013. She also served as Senior Vice President of Architecture at CA Technologies, responsible for corporate-wide architecture and design initiatives, GM of the Information Governance Business Unit & a Distinguished Engineer. Galina is a certified Record Manager and is recognized around the world as an expert in Information Governance and associated technologies and is an author and teacher on the subject. Galina received her master's and bachelor's degrees in Computer Science from Columbia University.

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Website: www.covertix.com